

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**

**Financial Statements as of December 31, 2011  
and for the Year Then Ended  
and Independent Auditors' Report  
and Supplementary Information**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **MAY 16 2012**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
St. Tammany Parish Fire Protection District No. 4  
Mandeville, Louisiana

We have audited the accompanying financial statements of the St. Tammany Parish Fire Protection District No. 4 (the District) as of December 31, 2011 as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the St. Tammany Parish Fire Protection District No. 4 as of December 31, 2011, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 27, 2012 on our consideration of St. Tammany Parish Fire Protection District No. 4's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the St. Tammany Parish Fire Protection District No. 4 taken as a whole. The accompanying schedule of compensation paid to Board of Commissioners is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Silva Gurtner & Abney, LLC*

April 27, 2012



## **FIRE PROTECTION DISTRICT NO. 4**

**ST. TAMMANY PARISH  
709 GIROD STREET  
MANDEVILLE, LOUISIANA 70448**

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### **Commissioners:**

**THOMAS W. DRUEN**

*Chairman*

**WILLIAM H. DOBSON, JR.**

*Vice-Chairman*

**MARIE M. TAYLOR**

*Secretary/Treasurer*

**JACK SCHELL**

*Commissioner*

**THOMAS E. ADOUE**

*Commissioner*

**MERRICK TASSIN**  
*Fire Chief*

**WILLIAM ESQUINANCE**  
*Director of Administration*

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Management's discussion and analysis (MD&A) is a required element of the reporting model adopted by the Government Accounting Standards Board (GASB) in Statement No. 34. Its purpose is to provide an overview of the financial activities of St. Tammany Parish Fire Protection District No. 4 (the District) based on currently known facts, decisions, or conditions.

The basic financial statements include government-wide and governmental fund statements. The government-wide Statement of Net Assets and Statement of Activities present information for all the activities of the District's office, from an economic resources measurement focus, using the accrual basis of accounting. Primarily for our office, the difference between these statements and governmental funds statements is that assets are capitalized and depreciated over their estimated useful life versus expensed in the governmental funds statements. The government-wide statements also include provisions for compensated absences and capital lease obligations to be paid in future years. The Balance Sheet – Governmental Fund details the assets and liabilities of the governmental funds while the Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets reflects the differences from the amounts reported in the Statement of Net Assets. The Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund reflects the current year receipt and disbursement of funds and the Reconciliation of Governmental Fund Balance Sheet of the Statement of Net Assets reports the differences in the changes in fund balance to the change in net assets of the Government activities. The differences between the adopted budget and the actual activities are reflected in the Budgetary Comparison Schedule – General Fund.

The District has been determined to be a component unit of St. Tammany Parish. The accompanying financial statements only present information in the funds maintained by the District.

The District's net assets as of December 31, 2011, were:

Invested in capital assets, net of related debt	\$ 5,668,166
Unrestricted assets	<u>17,789,986</u>
Total net assets for 2011	<u>\$ 23,458,152</u>

The District's net assets as of December 31, 2010 were:

Invested in capital assets	\$ 5,579,886
Unrestricted assets	<u>14,272,335</u>
Total Net Assets for 2010	<u>\$ 19,852,221</u>

Investment in capital assets is directly related to the property, plant and equipment asset ledger of \$10,727,585 less accumulated depreciation of \$5,059,419.

## FINANCIAL HIGHLIGHTS

A summary of the basic government-wide financial statements is as follows:

### SUMMARY OF STATEMENT OF NET ASSETS

	<u>2011</u>	<u>2010</u>
Assets:		
Other assets	\$ 20,651,381	\$ 17,376,079
Capital assets, net of accumulated depreciation	<u>5,668,166</u>	<u>5,579,969</u>
Total assets	26,319,547	22,956,048
Liabilities:		
Other liabilities	1,171,187	1,095,734
Non-current liabilities	1,102,358	1,450,407
Compensated absences current	<u>587,850</u>	<u>557,686</u>
Total liabilities	2,861,395	3,103,827
Net Assets:		
Invested in capital assets	5,668,166	5,579,886
Unrestricted assets	<u>17,789,986</u>	<u>14,272,335</u>
Total net assets	<u>\$ 23,458,152</u>	<u>\$ 19,852,221</u>

### SUMMARY OF STATEMENT OF ACTIVITIES

General Revenues:		
Ad valorem taxes	\$ 15,284,210	\$ 11,636,346
Intergovernmental revenues:		
State revenue sharing	249,804	247,516
Fire insurance tax	179,273	165,450
Interest income	58,271	51,540
Other	<u>359,775</u>	<u>147,307</u>
Total general revenues	\$ 16,131,333	\$ 12,248,159
Expenses and Program Revenues:		
Public safety fire protection	\$ 11,713,602	\$ 10,472,299
Emergency medical services	1,832,479	1,627,320
Training center services	532,612	462,316
Insurance and other costs	220,344	271,342
Charges for services	(1,644,742)	(1,287,472)
Operating grants	<u>(128,893)</u>	<u>(213,233)</u>
Total expenses	\$ 12,525,402	\$ 11,332,572

# SUMMARY OF STATEMENT OF ACTIVITIES, (continued)

Changes in net assets	\$ 3,605,931	\$ 915,587
Net assets – beginning of year	<u>19,852,221</u>	<u>18,936,635</u>
Net assets – end of year	<u>\$ 23,458,152</u>	<u>\$ 19,852,222</u>

Ad valorem revenues increased 31% from \$11,636,346 to \$15,284,210 in 2011. Other revenues increased 144% from \$147,307 to \$359,775.

The emergency medical service receivable balance, net of allowance for uncollectible fees, at December 31, 2011 and 2010 is \$290,873 and \$375,659, respectively. The receivable for emergency medical services is carried at gross and the allowance for uncollectible fees is calculated at year end.

With regard to the ad valorem tax millages, in November of 2011 the Board of Commissioners of the District voted to raise the millages from 26.0 mills to 27.0 mills for fiscal year 2012 in accordance with state law.

At December 31, 2011, employees of the District have accumulated and vested \$587,850 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. At December 31, 2010, employees of the District had accumulated and vested \$557,686 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

For the year ended December 31, 2011, \$190,683 in depreciation expense was allocated to fire protection activities and \$85,864 to emergency medical service activities. For the year ended December 31, 2010, \$206,778 in depreciation expense was allocated to fire protection activities and \$69,769 to emergency medical service activities. Therefore, total depreciation allocated to fire protection activities and emergency medical service activities remained consistent from the year ended December 31, 2010 to December 31, 2011. A total of \$600,105 was spent on capital expenditures in 2011, which included \$145,743 for station improvements, \$123,257 for fire equipment, \$114,167 for medical equipment, \$34,379 for station furniture and fixtures, and \$182,559 for a truck and an ambulance.

The District is not aware of any pending medical malpractice suits as of December 31, 2011. The District has continued to be and is currently in litigation with a former employee over wrongful termination which the District consistently denies.

During 2006, the District was awarded a SAFER grant and received proceeds of \$84,164 in 2011. Also, the District received a grant from DHH of \$32,648 to purchase medical service equipment and a grant from LGAP of \$12,081 to purchase fire protection equipment.

The District continued to experience increases in salaries and related costs of health insurance, workers compensation, and other benefits in 2011. Personnel costs rose by 11.21% over 2010, due to annual merit increases and state mandated pay raises. Unscheduled overtime finished the year at 3.27% of total payroll versus 1.15% prior year. The total cost of overtime for the year was \$530,185 for scheduled overtime and \$359,722 for unscheduled overtime.

During the years ended December 31, 2011 and 2010, the full time employees received additional pay in the amount of \$617,150 and \$594,000, respectively, from the State of Louisiana in the form of State Firefighter Supplemental pay.

Due to unanticipated hurricane expenses, time delay in receiving FEMA reimbursements, and a delay in receipt of ad valorem revenue, the District secured a Community Disaster Loan (CDL) in the amount of \$1,587,794 as approved by the state bond commission in 2005. A requirement of the loan specifies the funds can only be used for operating expenses. The District received funds from the CDL in March of 2006. The District placed the loan proceeds in a separate account that was used for the operation expense of salaries in compliance with the CDL requirement. The original loan, with principal and interest of 2.69% per annum, was due on December 19, 2010. During 2010, the District was granted an extension by FEMA through December 19, 2015, to repay the loan and accrued interest. The balance of the loan including accrued interest as of December 31, 2011 was \$1,450,407.

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for money it receives. If you have any questions about this report or need additional financial information, contact Comptroller Wayne Thompson, St. Tammany Fire District No. 4, 709 Gerard St., Mandeville, LA 70448.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**STATEMENT OF NET ASSETS**  
**AS OF DECEMBER 31, 2011**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 5,047,643
Receivables, net	15,548,952
Prepaid insurance	<u>54,703</u>

Total current assets 20,651,298

CAPITAL ASSETS, net of accumulated depreciation 5,668,166

RESTRICTED DEPOSIT 83

TOTAL ASSETS 26,319,547

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts payable	229,241
Salary benefits payable	593,897
Compensated absences	587,850
Revenue anticipation note payable - current portion	<u>348,049</u>

Total current liabilities 1,759,037

REVENUE ANTICIPATION NOTE PAYABLE, net of current portion 1,102,358

TOTAL LIABILITIES 2,861,395

**NET ASSETS**

Invested in capital assets, net of related debt	5,668,166
Unrestricted net assets	<u>17,789,986</u>

TOTAL NET ASSETS \$ 23,458,152

TOTAL LIABILITIES AND NET ASSETS \$ 26,319,547

See accompanying independent auditors' report and notes to financial statements.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**STATEMENT ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

		<u>PROGRAM REVENUES</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital/ Operating Grants</u>	<u>Net (Expenses) Revenue</u>
<b>EXPENSES</b>				
Public safety - fire protection	\$ 12,466,558	\$ -	\$ 128,893	\$ (12,337,665)
Emergency medical services	1,832,479	1,644,742	-	(187,737)
 Total governmental activities	 14,299,037	 1,644,742	 128,893	 (12,525,402)
 <b>REVENUES</b>				
Ad valorem taxes				15,284,210
Intergovernmental revenues:				
State revenue sharing				249,804
Fire insurance tax				179,273
Interest income				58,271
Other income				359,775
 Total revenues				 16,131,333
 <b>CHANGE IN NET ASSETS</b>				 3,605,931
 <b>NET ASSETS - Beginning of year</b>				 19,852,221
 <b>NET ASSETS - End of year</b>				 <u><u>\$ 23,458,152</u></u>

See accompanying independent auditors' report and notes to financial statements.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**BALANCE SHEET - GOVERNMENTAL FUND**  
**AS OF DECEMBER 31, 2011**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 5,047,643
Receivables	
Ad valorem taxes, net of allowance for uncollectible taxes of \$790,885	15,026,808
Emergency medical services, net of allowance for uncollectible fees of \$102,159	290,873
State revenue sharing	166,536
Grants and other receivables	64,735
Prepaid expenditures	<u>54,703</u>
 Total current assets	 20,651,298

**RESTRICTED DEPOSITS**

83

**TOTAL ASSETS**

\$ 20,651,381

**LIABILITIES AND FUND BALANCE**

**CURRENT LIABILITIES**

Accounts payable	\$ 229,241
Accrued payroll and benefits	<u>593,897</u>

**TOTAL LIABILITIES**

823,138

**FUND BALANCE**

Designated	600,000
Undesignated	<u>19,228,243</u>

**TOTAL FUND BALANCE**

19,828,243

**TOTAL LIABILITIES AND FUND BALANCE**

\$ 20,651,381

See accompanying independent auditors' report and notes to financial statements.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4  
RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
AS OF DECEMBER 31, 2011**

FUND BALANCES - total governmental funds	\$ 19,828,243
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Capital assets used in governmental activities are not  
financial resources and therefore are not reported in the funds

Governmental capital assets	10,731,811
Less accumulated depreciator	<u>(5,063,645)</u>
	5,668,166

Long-term liabilities are not due and payable in the  
current period therefore they are not reported  
in the funds. Long-term liabilities consisted of the following:

Revenue anticipation note payable	(1,450,407)
Accrued interest	
Compensated absences	<u>(587,850)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 23,458,152</u></u>
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See accompanying independent auditors' report and notes to financial statements.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - GOVERNMENTAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**REVENUES**

Ad valorem taxes	\$ 15,284,210
State revenue sharing	249,804
2% fire insurance tax	179,273
Emergency medical services	1,644,742
Interest income	58,271
Grant income	128,893
Other income	359,775
	<hr/>
Total revenues	17,904,968

**EXPENDITURES**

Bad debt expense	1,193,384
Contracted services	176,141
Dues, subscriptions and licenses	40,163
Fire prevention education and training	55,591
Fuel and oil	95,745
Insurance	220,344
Interest expense	74,026
Legal and professional	193,058
Medical supplies and fees	133,705
Occupancy	77,150
Office	36,967
Other	17,851
Personnel services and benefits	10,927,844
Repairs and maintenance	480,650
Travel and meals	26,771
Capital outlay	600,105
Capital lease principal	1,861
Capital lease interest	5,797
	<hr/>
Total expenditures	14,357,153

**OTHER FINANCING USES**

Payments on revenue anticipation note payable	340,765
	<hr/>
Total other financing uses	340,765

<b>CHANGES IN FUND BALANCE</b>	<b>3,207,050</b>
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<b>FUND BALANCE - Beginning of year</b>	<b>16,621,193</b>
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<b>FUND BALANCE - End of year</b>	<b>\$ 19,828,243</b>
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See accompanying independent auditors' report and notes to financial statements.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE OF  
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

CHANGES IN FUND BALANCE - total governmental fund \$ 3,207,050

Amounts reported for governmental activities in the statement of  
net assets are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, the costs of those assets are allocated over the estimated useful lives as depreciation expense. This is the amount of capital expenditures over depreciation. 86,419

Governmental funds report compensated absences as expenditures when the amount is paid. In the statement of activities, the net accretion/decretion is reported as an expense. (30,164)

The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 340,765

Governmental funds report a capital lease obligation as a financing source in governmental funds and thus contribute to the change in fund balances. Repayment of this obligation is reported as an expenditure in the governmental funds. The obligation is reported as an increase in long-term liabilities in the statement of net assets and the repayments are a reduction of the liabilities in the statement of net assets. This is the net decrease of the capital lease obligation. 1,861

Changes in net assets of governmental activities \$ 3,605,931

See accompanying independent auditors' report and notes to financial statements.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Formation and Operations** – The St. Tammany Parish Fire Protection District No. 4 (the District) is a component unit of St. Tammany Parish, created by ordinance of the St. Tammany Parish Council on January 16, 1958. The District is administered by a Board of Commissioners consisting of five members. Each commissioner is entitled to receive a per diem payment of \$100 for each board meeting attended. The District provides fire protection and emergency medical services for the entire fourth ward of St. Tammany Parish, which has a population of approximately 54,000. The St. Tammany Parish Fire Protection District No. 4 maintains and operates four fire protection facilities, a training center, and employs approximately 114 employees.

Fire protection districts are created for the purpose of acquiring, maintaining, and operating facilities, machinery, equipment, water tanks, water hydrants, water lines, and other resources necessary to provide proper fire protection and control of the property within the District.

**Reporting Entity** – As the governing authority of the Parish, for reporting purposes, the St. Tammany Parish Council is the financial reporting entity for St. Tammany Parish. The financial reporting entity consists of (a) the primary government (the Council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of St. Tammany Parish for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

- a) Appoints a voting majority of an organization's governing body, and the ability of the Council to impose its will on that organization and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.
- b) Organizations for which the Council does not appoint a voting majority but are fiscally dependent on the Council.
- c) Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The St. Tammany Parish Fire Protection District No. 4 was determined to be a component unit of St. Tammany Parish, the reporting entity, because the reporting entity's financial statements would be misleading if data of the St. Tammany Parish Fire Protection District No. 4 was not included due to the significance of the relationship and scope of public services. The accompanying financial statements present information only on the funds maintained by the St. Tammany Parish Fire Protection District No. 4 and do not present information on the Parish, the general government services provided by the Parish, or other governmental units that comprise the financial reporting entity.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Presentation** – The accompanying basic financial statements of the St. Tammany Parish Fire Protection District No. 4 have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999.

**Government-Wide Statements** – The statement of net assets and the statement of activities display information about the District. The District's activities are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes and are recorded in the year assessed. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Assets used in operation with an initial useful life that extends beyond one year are capitalized. Equipment, furniture and fixtures, leasehold improvements, and building are depreciated over their estimated useful lives. Depreciation is not calculated on land, land improvements or construction in progress.

The statement of activities presents a comparison between direct expenses and program revenues for the activities of the District. Program revenues consist of charges for services which are revenues from exchanges or exchange-like transactions with external parties that purchase, use or directly benefit from the program's goods, services, or privileges. These revenues include fees charged for emergency medical services. Program revenues also consist of operating grants and contributions, which are resources restricted for operating purposes of a program. These include grants and contributions with restrictions that permit the resources to be used for a program's operating of capital needs at the recipient government's discretion.

**Fund Accounting** – The District uses funds to report on its financial position and the result of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity using the modified accrual method to report revenues and expenditures.

Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities, including the collection and disbursement of specific or legally restricted monies, and the renovation of a fire station. The only fund in 2011 for the District was the General Fund (non-designated fund) which is the operating fund. The General Fund accounted for all of the financial resources including construction of a training facility.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

***Basis of Accounting*** – The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus only current assets and current liabilities generally are included on the balance sheet. The operating statement of the fund presents increases (i.e., revenues and other sources) and decreases (i.e., expenditures and other uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt and compensated absences are recorded as fund liabilities when due. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. General capital asset acquisitions are reported as expenditures when incurred.

Those revenues of the District susceptible to accrual are ad valorem taxes, insurance taxes, state revenue sharing, emergency medical services, and interest. Substantially all other revenues are recorded when received.

***Budget and Budgetary Accounting*** – Formal budgetary accounting is employed as a management control device during the year for the general fund. The budget is adopted for the general fund on a basis consistent with generally accepted accounting principles (GAAP). All appropriations, which are not expended, lapse at year-end. Unexpended appropriations and any excess revenues over expenditures are carried forward to subsequent year as beginning fund balance.

***Cash and Cash Equivalents*** – Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. It is the policy of the District to treat highly liquid investments with a maturity of ninety (90) days or less as cash equivalents.

Louisiana revised statutes authorize the District to invest in (1) United States bonds, treasury notes or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in the State of Louisiana, an investment as stipulated in Louisiana Revised Statute 39:1271, or any other federally insured investments or (2) in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. Government or its agencies.

***Prepaid Insurance*** – Prepaid insurance represents the unused portion of insurance and equipment maintenance policies in effect at the balance sheet date.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Capital Assets** – All purchased capital assets are valued at cost where historical records are available and at estimated historical costs where no historical records exist. Donated capital assets, if any, are valued at their estimated fair market value on the date received. Additions and betterments of \$1,000 or more are capitalized, while maintenance and repairs that do not extend the useful lives of the respective assets are expensed in the current year.

Depreciation is computed using the straight-line method over the following estimated lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40 years
Equipment	10 years
Furniture and fixtures	5 years
Transportation equipment (fire trucks, ambulances)	15 years
Medical equipment	5 years

**Use of Estimates** – The preparation of the District's financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenues and expenditures during the reporting period. Adjustments to the reported amounts of assets and liabilities and revenues and expenditures may be necessary in the future to the extent that future estimates or actual results are different from the estimates used in the financial statements.

**Ad Valorem Taxes** – Ad valorem taxes are normally levied in November and billed in December. These taxes are due in January of the following year. Any unpaid taxes are collected in connection with an auction held in May. The Sheriff's department bills and collects the District's ad valorem taxes. Ad valorem taxes are levied based on property values determined by the St. Tammany Parish Assessor (a separate entity). All land and residential improvements are assessed at 10 percent of its fair market value, and other property at 15 percent of its fair market value. The District's ad valorem tax revenues are recognized when levied to the extent that they are determined to be currently collectible. The tax millage authorized and levied for the year ended December 31, 2011 was 27 mills.

**Emergency Medical Services** – In 1994, the District started providing emergency medical transportation to the residents of the fourth ward of St. Tammany Parish. Residents who use the medical transportation service are charged a fee ranging from \$420 to \$746 based on the type of medical care. Mileage is billed at a flat rate of \$20 per occurrence.

**Compensated Absences** – Each full time employee shall be entitled to an annual vacation of 18 days with full pay. This vacation period shall be increased one day for each year of service over 10 years, up to a maximum vacation period of 30 days, all of which shall be with full pay. Maximum accumulation of the total annual leave balance of each year shall be evaluated on an annual basis by the Board of Commissioners. The Board of Commissioners will have the authority to reduce or increase the total accumulated annual hours allowed on an annual basis. Any member of the department for any cause shall not forfeit the vacation privileges herein provided for unless allowed by law.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

***Compensated Absences, (continued)*** – All 24 hour shift personnel shall be entitled to 216 hours of annual vacation time with full pay. This vacation time shall be increased 12 hours each year of service over 10 years, up to a maximum of 360 hours of annual vacation time, all of which shall be with full pay.

All administrative personnel shall be entitled to 160 hours of annual vacation time with full pay. This vacation time shall be increased 8.9 hours each year of service over 10 years, up to a maximum of 267 hours of annual vacation time, all of which shall be with full pay.

Employees who do not use sick leave within the calendar year will accrue 24 hours of annual leave in addition to their regular accrued annual leave in the first pay period of the following year.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as current-year expenditure in the general fund when the leave is actually taken. The total cost of leave privileges is recorded in the Statement of Net Assets.

***Fund Equity*** – Designated fund balances consisted of the following activity as of December 31, 2011:

Balance at January 1, 2011	\$ 600,000
Increases per Board	-
Decreases per Board	-
	<hr/>
Balance at December 31, 2011	<u>\$ 600,000</u>
Designated fund balances are for the following:	
Emergency Fund	<u>\$ 600,000</u>

**NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

The budgetary process is prescribed by Louisiana Revised Statutes 39:1304 and 39:1305. The budget is prepared by management and is presented to the Board of Commissioners. A public hearing is held to address priorities and the allocation of resources. The District approves the budget in December before the start of the next fiscal year. Periodically, individual items of budgeted revenues and expenditures are compared to actual amounts and revision is approved, if necessary. Expenditures may not exceed available funds.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**NOTE C – CASH AND CASH EQUIVALENTS**

At December 31, 2011, the District had cash and cash equivalents as follows:

Cash on hand	\$ 150
Interest bearing demand deposits	<u>5,047,493</u>
Balance at December 31, 2011	<u>\$ 5,047,643</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. As of December 31, 2011, the District had \$5,047,493 in deposits (collected bank balances) with two local banking institutions. These deposits are secured from risk by \$500,000 of federal deposit insurance and \$6,533,597 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The District has no custodial credit risk policy.

Even though the pledged securities are considered uncollateralized (Category 3) under the provision of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

**NOTE D – RECEIVABLES**

Receivables at December 31, 2011 were comprised of the following:

Ad valorem taxes	\$ 15,026,808
Emergency medical services	290,873
State revenue sharing	166,536
Grants and other receivables	<u>64,735</u>
	<u>\$ 15,548,952</u>

The receivable for ad valorem taxes at December 31, 2011 is stated net of a 5% allowance for uncollectible taxes of \$790,885.

The receivable for emergency medical services is net of an allowance at December 31, 2011 of \$102,159.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**NOTE E – 2% FIRE INSURANCE TAX**

The District is eligible and receives a pro-rata share of the fire insurance tax collected by the State of Louisiana. The amounts received by the District are based on the population of the areas that it serves. In accordance with the revised statutes, such funds shall be used only for the purpose of “rendering more efficient and efficacious” fire protection as the District shall direct.

**NOTE F – CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended December 31, 2011:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Cost</b>				
Land	\$ 699,473	\$ -	\$ -	\$ 699,473
Buildings	2,674,753	145,743	-	2,820,496
Equipment	1,944,558	125,118	(5,842)	2,063,834
Furniture and fixtures	246,551	34,379	-	280,930
Transportation equipment	4,145,284	182,559	-	4,327,843
Medical equipment	420,843	114,167	-	535,010
	<u>10,131,462</u>	<u>601,966</u>	<u>(5,842)</u>	<u>10,727,586</u>
<b>Accumulated depreciation</b>				
Buildings	930,699	72,059	-	1,002,758
Equipment	1,152,679	128,463	(5,842)	1,275,300
Furniture and fixtures	185,143	21,983	-	207,126
Transportation equipment	1,981,767	242,215	-	2,223,982
Medical equipment	301,288	48,966	-	350,254
	<u>4,551,576</u>	<u>513,686</u>	<u>(5,842)</u>	<u>5,059,420</u>
 Net capital assets	 <u>\$ 5,579,886</u>	 <u>\$ 88,280</u>	 <u>\$ -</u>	 <u>\$ 5,668,166</u>

Total depreciation expense for the years ended December 31, 2011 and 2010, was \$513,686 and \$457,606, respectively.

**NOTE G – PENSION PLANS**

**Firefighters’ Retirement System of Louisiana** – Substantially all employees of the St. Tammany Parish Fire Protection District No. 4 are members of the Firefighters’ Retirement System of Louisiana (the System), a cost-sharing, multiple-employer public employee retirement system (PERS). The System is a statewide public retirement system for the benefit of fire districts and their staff, which is administered and controlled by a separate board of trustees. Contributions of participating fire districts are pooled with the System to fund accrued benefits, with employer/employee contribution rates approved by the Louisiana Legislature.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**NOTE G – PENSION PLANS, (continued)**

***Firefighters' Retirement System of Louisiana, (continued)*** – Membership in the Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance prior to January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at any age with at least 25 years of creditable service, at or after age 55 with at least 12 years of creditable service, or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third per cent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits, which are established by state statute.

In addition to certain dedicated taxes that are remitted to the System, which constitutes major funding of the System, covered employees are required by state statute to contribute 8.0% through June 30, 2011 and 10.0% through December 31, 2011 of their annual covered salary and the District is required to contribute at an actuarially determined rate. The rate during the year ended December 31, 2011 was 21.5% through June 30, 2011 and 23.5% beginning July 1, 2011. The contributions for the years ended December 31, 2011 and 2010 were \$1,995,182 and \$1,569,654, respectively. The District's total payroll for the year ended December 31, 2011 was \$10,927,844 and covered payroll totaled \$6,295,210.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

***Parochial Employees' Retirement System of Louisiana*** – One employee of the St. Tammany Parish Fire Protection District No. 4 is a member of the Parochial Employees' Retirement System of Louisiana (the System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. The employee of the District participating in the System is a member of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**NOTE G – PENSION PLANS, (continued)**

*Parochial Employees' Retirement System of Louisiana, (continued)* – Under Plan A, members are required by state statute to contribute 9.5% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The rate for 2011 was 15.75% of annual covered payroll. The District's contributions to the System for the year ended December 31, 2011 were \$12,953, equal to the required contributions for the year. The District's covered payroll for the System for the year ended December 31, 2011 was \$82,241.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

**NOTE H – DEFERRED COMPENSATION PLAN**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The District has no liability for losses under the Plan and does not guarantee any of the benefits under the plan.

**NOTE I – CONTINGENCIES**

The District is currently named as defendant in several lawsuits that arose during the normal course of its operations. The District intends to vigorously defend itself against these claims. An outcome or any estimate of loss cannot reasonably be determined at this time.

**NOTE J – GRANTS**

The District was awarded three grants from the State of Louisiana. According to accounting standards, the promise or transfer is accounted for as unconditional if the future event on which it depends has only a remote chance of not occurring. During 2011, the District received grant funds from LGAP in the amount of \$12,081 to purchase fire protection equipment, \$84,164 from the SAFER grant in order to help the department increase their care of firefighters, and \$32,648 from DHH to purchase emergency medical service equipment.

**NOTE K – CONCENTRATION OF REVENUES**

Of the District's revenues, approximately \$15,284,210 (95%) of reoccurring revenues were obtained through a single source, ad valorem taxes, for the year ended December 31, 2011.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**NOTE L – SUPPLEMENTAL SALARIES**

During the year ended December 31, 2011, the full time employees received additional pay in the amount of \$617,150 from the State of Louisiana. These intergovernmental funds are reflected in the statement of revenues, expenditures, and changes in fund balance – governmental fund in personnel services and benefits for the year ended December 31, 2011.

**NOTE M – LONG-TERM OBLIGATIONS**

The following is a summary of the changes in long-term obligations for the year ended December 31, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Compensated absences	\$ 557,686	\$ 579,244	\$ 549,080	\$ 587,850	\$ 587,850
Revenue anticipation note, including accrued interest	1,791,172		340,765	1,450,407	348,049
	<u>\$ 2,348,858</u>	<u>\$ 579,244</u>	<u>\$ 889,845</u>	<u>\$ 2,038,257</u>	<u>\$ 935,899</u>

**NOTE N – REVENUE ANTICIPATION NOTE**

On November 17, 2005, the State Bond Commission granted the District approval to issue \$1,587,794 in a Revenue Anticipation Note under the Special Community Disaster Loan Program administered by the Department of Homeland Security. The program allows for loans to be awarded up to 25% of the District's annual operating budget to be utilized for local governmental operations after a major disaster or to expand operations to meet disaster-related needs.

The original loan, with principal and interest of 2.69% per annum, was due on December 19, 2010. During the year ended December 31, 2010, the District was granted an extension through December 19, 2015, to repay the loan and accrued interest. The balance of the loan as of December 31, 2011 was \$1,450,407.

The following is the maturity schedule as of December 31, 2011:

2012	\$ 348,049
2013	357,624
2014	367,364
2015	<u>377,370</u>
<b>Total</b>	<b><u>\$ 1,450,407</u></b>

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**NOTE O – SUBSEQUENT EVENTS**

The District has evaluated subsequent events through the date that the financial statements were available to be issued, April 27, 2012, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

## **SUPPLEMENTARY INFORMATION**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Ad valorem taxes	\$ 11,661,201	\$ 11,675,305	\$ 15,284,210	\$ 3,608,905
State revenue sharing	360,960	247,516	249,804	2,288
2% fire insurance tax	147,500	167,608	179,273	11,665
Emergency medical services	1,201,408	1,569,258	1,644,742	75,484
Interest income	72,288	71,831	58,271	(13,560)
Grant income	99,000	84,164	128,893	44,729
Other income	110,475	108,874	359,775	250,901
<b>Total revenues</b>	<b>13,652,832</b>	<b>13,924,556</b>	<b>17,904,968</b>	<b>3,980,412</b>
<b>EXPENDITURES</b>				
Bad debt expense	578,668	447,218	1,193,384	(746,166)
Contracted services	208,942	195,331	176,141	19,190
Dues, subscriptions and licenses	20,693	39,710	40,163	(453)
Fire prevention education and training	99,274	67,213	55,591	11,622
Fuel and oil	84,770	94,205	95,745	(1,540)
Insurance	303,928	271,211	220,344	50,867
Interest expense	48,870	49,121	74,026	(24,905)
Legal and professional	216,100	185,697	193,058	(7,361)
Medical supplies and fees	117,087	132,990	133,705	(715)
Office	38,103	37,908	36,967	941
Other	15,900	10,336	17,851	(7,515)
Occupancy	99,062	65,801	77,150	(11,349)
Personnel services and benefits	10,695,766	10,891,308	10,927,844	(36,536)
Repairs and maintenance	229,579	526,563	480,650	45,913
Travel and meals	36,181	25,342	26,771	(1,429)
Capital outlay	129,148	127,302	600,105	(472,803)
Capital lease principal	400	829	1,861	(1,032)
Capital lease interest	-	-	5,797	(5,797)
<b>Total expenditures</b>	<b>12,922,471</b>	<b>13,168,085</b>	<b>14,357,153</b>	<b>(1,189,068)</b>
<b>CHANGES IN FUND BALANCE</b>	<b>730,361</b>	<b>756,471</b>	<b>3,547,815</b>	<b>2,791,344</b>
<b>FUND BALANCE - Beginning of year</b>	<b>15,546,151</b>	<b>15,546,151</b>	<b>16,621,193</b>	<b>-</b>
<b>FUND BALANCE - End of year</b>	<b>\$ 16,276,512</b>	<b>\$ 16,302,622</b>	<b>\$ 20,169,008</b>	<b>\$ 2,791,344</b>

See accompanying independent auditors' report.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**SCHEDULE OF COMPENSATION PAID TO BOARD OF COMMISSIONERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

The schedule of compensation paid to the Board of Commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Payment per diem is made in accordance with Louisiana Revised Statute 40:1498 which authorizes per diem payments of \$30 per board meeting attended through August 14, 2001. Effective August 15, 2001, the authorized per diem payment was increased to \$100 per board meeting and \$50 per committee meeting. The maximum number of committee meetings per month allowed is 2.

<u>Name</u>	<u>Amount</u>
William Dobson	\$ 1,550
Thomas Druen	1,850
John Schell	1,850
Thomas Adoue	2,500
Marie Taylor	<u>550</u>
<b>Total</b>	<b><u>\$ 8,300</u></b>

See independent auditor's report.

**OTHER INDEPENDENT AUDITORS' REPORT**



Certified Public Accountants & Consultants

Brent A. Silva, CPA  
Craig A. Silva, CPA\*  
Thomas A. Gurtner, CPA\*  
Kenneth J. Abney, CPA, MS Tax\*

\*Limited Liability Company

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Commissioners  
St. Tammany Parish Fire Protection District No. 4  
Mandeville, Louisiana

We have audited the financial statements of the St. Tammany Parish Fire Protection District No. 4 as of and for the year ended December 31, 2011 and have issued our report thereon dated April 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Tammany Parish Fire Protection District No. 4's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. Tammany Parish Fire Protection District No. 4's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the St. Tammany Parish Fire Protection District No. 4's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Tammany Parish Fire Protection District No. 4's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* (see Finding 2011-01).

We noted certain matters that we reported to management of St. Tammany Parish Fire Protection District No. 4 in a separate letter dated April 27, 2012.

This report is intended solely for the information and use of the St. Tammany Parish Fire Protection District No. 4's management and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Board of Commissioners of the St. Tammany Parish Fire Protection District No. 4, is a matter of public record.

*Silva Gurtner & Abney, LLC*

April 27, 2012

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4  
CURRENT YEAR FINDINGS, RECOMMENDATIONS,  
AND CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2011**

<u>Number</u>	<u>Description</u>	<u>Corrective Action Taken (Yes,No,Partially)</u>	<u>Corrective Action Taken/Planned</u>
---------------	--------------------	---	--

**Section I - Internal Control and Compliance**

2011-01	The District has amended its budget during the year for operational changes, but total expenses still exceeded 5% of budgeted expenses.	Yes	The District will review the budgeted amounts more closely throughout the year and make additional amendments as necessary.
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**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

<u>Number</u>	<u>Description</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Corrective Action Taken/Planned</u>
---------------	--------------------	---	--

**Section I - Internal Control and Compliance**

We have no findings for the year ended December 31, 2010.

# Silva Gurtner & Abney

Certified Public Accountants & Consultants

Brent A. Silva, CPA  
Craig A. Silva, CPA\*  
Thomas A. Gurtner, CPA\*  
Kenneth J. Abney, CPA, MS Tax\*  
\*Limited Liability Company

To the Board of Commissioners of  
St. Tammany Parish Fire Protection District No. 4  
Mandeville, Louisiana

## MANAGEMENT LETTER COMMENTS

We have audited the basic financial statements of St. Tammany Parish Fire Protection District No. 4 as of and for the year ended December 31, 2011, and have issued our report thereon dated April 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As a part of our examination, we have issued our report on the financial statements, dated April 27, 2012, and our report on internal control and compliance with laws, regulations, contracts, and grants, dated April 27, 2012.

During the course of our examination, we became aware of the following issue which represents a recommendation for an improvement in internal controls.

Issue: The District does not reconcile, on a monthly basis, the general ledger accounts to the appropriate sub-ledger accounts leading them to be out of balance with one another for multiple periods at a time.

Recommendation: The District should reconcile all sub-ledger accounts to their appropriate general ledger account on a monthly basis.

Management Response: Management will implement monthly reconciliations of all sub-ledger accounts to their appropriate general ledger account on a monthly basis.

We are happy to discuss this letter at your convenience.

Sincerely,

*Silva Gurtner & Abney, LLC*

April 27, 2012

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